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# Rewald Saga: Dust Is Settling

By Charles Memminger

A year after he attempted suicide in a Waikiki hotel room, some of the dust is finally settling in the bizarre case of Ronald Rewald and his investment company.

In the weeks following the attempt and the collapse of Bishop, Baldwin, Rewald, Dillingham & Wong, the case was clouded by numerous elements.

Some of those elements, such as the CIA's involvement with the company, were introduced by Rewald, others discovered as a story of high living, powerful people and lost millions unfolded.

But with all the enticing segments that came to light at the start of the Rewald saga, today what essentially remains is this: Rewald, according to a federal judge, ran nothing more than a "Ponzi" scheme, using the money of company investors to support a lavish lifestyle.

While that may be the core of what happened with Bishop, Baldwin and Ronald Rewald, there are questions that re-emerge.

And Rewald continues to kick up clouds of doubt.

He has been charged with theft and, while awaiting further action by authorities, he has been allowed by the court to travel around the country, supposedly to look for a job to support himself and pay his legal expenses.

WHILE ON the Mainland, Rewald has dabbled in the trial of an accused spy in Virginia. He has gone to Washington to lobby for support of his claim that the CIA set up his company and somehow was involved in its demise. He has filed lawsuits in California against his detractors.

His face has been on the cover of magazines, his story recounted in newspapers across the

country, his name bandied about on radio and television programs.

Investors, some of whom were wiped out financially, and former employees still wait for word on when and how much of their money will be returned to them.

Through it all, Rewald has not lost his composure. Although he is forbidden by a court order from talking about the CIA, Rewald has managed to drive home his point to just about anyone who will listen to him.

He pictures himself as a spy left out in the cold, a patriot abandoned by his country in a clumsy effort to cover up a major CIA operation. The case of the affable, quiet-talking businessman has become the *cause celebre* of the anti-CIA crowd.

Hugh Fraser, an investor who lost \$50,000 in Rewald's company, describes Rewald as a chameleon who becomes whatever he stands next to. Put him next to a CIA man, and he fancies himself an agent. Hand him a polo mallet and he becomes a international polo player. Put him next to big money and he becomes a sophisticated investment analyst.

THERE ARE many who believe that Rewald is a career CIA agent, that he has always worked for the agency and that everything he did as head of his company was for the agency.

Others, including bankruptcy officials, believe he is a con man who is continuing the con. They say Rewald stole millions of dollars from investors to buy things that Walter Mitty dreams are made of — luxurious houses, horses, art, cars, jewelry, boats. They say he bought all of these things with money that was supposed to be invested, but wasn't.

Apart from the speculation, there are the facts that have emerged since that suicide attempt on July 29, 1983:

✓ In the days following the suicide attempt, Bishop, Baldwin was exposed as a sham. CIA directed or not, the company was not the international consulting firm it claimed to be. Rewald was not who he claimed to be. General shock led a group of investors to force the company into bankruptcy, but it was too late. Millions of dollars had been spent to pay for Rewald's personal lifestyle and for company overhead. If there had been CIA money around, it was gone. Investigators later learned that a year before the collapse, according to company records, Bishop, Baldwin already was \$3 million in debt. New investor money was used to pay "interest" on earlier accounts.

✓ Within weeks of the collapse, some company records were sealed by a federal court order and they remain sealed today. They contain information concerning Rewald's CIA connections. Rewald supporters think the sealed information would clear allegations that Rewald intentionally stole investors' money. They say money made from big CIA projects, such as an alleged multimillion dollar military arms deal, would have provided enough money to pay investors off. Other sources say that contained in the sealed documents is the identity of an

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2.

actual CIA agent who used Bishop, Baldwin for cover. According to the source, Rewald weaved the agent's name into certain documents containing false information to bolster his claim that he was heavily involved in the CIA. CIA attorneys have said in court records that its involvement with the company was slight and has been exploited by Rewald.

✓ Rewald was charged with two counts of theft by deception in state court. His bail initially was set at \$10 million, but was lowered to \$140,000. After 174 days in prison, Rewald was released. The trial date has been repeatedly put off as federal and state criminal investigations continue. Grand juries have been receiving testimony throughout the year.

✓ The first federal indictment came in June against Sunlin L.S. Wong, president of Bishop, Baldwin. Wong pleaded guilty to securities and mail fraud and admitted that the company had lied to investors about what would happen to their money. Wong will be sentenced in October. Rewald and several other key company officials are expected to be indicted in coming months, officials have said.

✓ Rewald bounced back from his near death and lengthy jail stay with vigor. He hooked up with flamboyant California attorney Melvin Belli and filed a \$671 million suit against the CIA. He also has filed suits against bankruptcy administrator Thomas Hayes, *Time* and *Money* magazines and is threatening to sue several others. The government is trying to head off his suits and asked a federal judge to put them on hold until the criminal investigation is over. Belli, once hot on Rewald's CIA tales, appar-

ently has cooled. Robert Smith, Rewald's civil attorney in Hawaii, said recently that the arrangement between Belli and Rewald has fallen through. Smith, who is owed more than \$100,000 in legal fees, tried to withdraw as Rewald's counsel but was not allowed to. Sam King Jr., Rewald's criminal attorney, said he already has spent more money than he will get as a court-appointed attorney, and the case is nowhere near the trial stage.

✓ Intelligence committees for both the U.S. House and Senate, investigated CIA links to Bishop, Baldwin and, according to Hawaii's representatives, found no significant ties.

✓ Federal Judge Martin Pence last week refused to withdraw from the Rewald case, despite charges by Rewald's attorney that Pence could not be fair. Pence ordered that all of Rewald's assets be turned over to the bankruptcy trustee to be sold off to raise money for investors. The assets include exotic automobiles, art collections and other expensive items. But it is expected that they will raise less than \$1 million for investors who are owed almost \$13 million. Pence said that even if the CIA was involved in Rewald's company, it was clear that legitimate investors' money was put into a "poi bowl" bank account which Rewald regularly dipped into for his personal use.